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**Commission on Ethics &
Public Trust
Miami-Dade County**

Memorandum

To: Maurice Ferre, Mayoral Candidate 2004

The Honorable Carlos Alvarez, Mayor
The Honorable Chairperson, Joe Martinez
Members, Board of County Commissioners

From: Robert Meyers, Executive Director, Commission on Ethics

Date: June 1, 2005

Re: Final Audit Report - Maurice Ferre Election Campaign 2004

Attached is your copy of the above referenced audit report. Overall, the Commission on Ethics (COE) concluded that the campaign expenditures were in compliance with the requirements of the Miami-Dade County Code §12-22 (G), "Use of Funds," as no disallowed expenses were paid with public funds.

However, the COE found numerous instances involving lack of compliance with Florida Statute §106, "Campaign Financing." Areas of concern include campaign expenditures paid through intermediaries, payments to consultants for disallowable reimbursements, cash payments paid to campaign workers and vendors, campaign payments for joint advertising, candidate's personal campaign contributions made *after* the date of the election, possible falsification of documentation provided to the COE in support of campaign expenses, and the appointment of a campaign treasurer who was not a registered voter in the State of Florida.

cc: Antonio Veciana, Jr. Campaign Treasurer
Lester Sola, Supervisor of Elections

Commission on Ethics & Public Trust

Miami-Dade County

FINAL
Audit Report

**Post-Election Audit of the
Maurice Ferre
Campaign Account**

June 1, 2005

Commission on Ethics & Public Trust
Post-Election Audit of the Maurice Ferre Campaign Account
FINAL AUDIT REPORT
June 1, 2005

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**COMMISSION ON ETHICS & PUBLIC TRUST
POST-ELECTION AUDIT OF THE CAMPAIGN ACCOUNT OF**

**MAURICE FERRE
MAYORAL CANDIDATE 2004**

EXECUTIVE SUMMARY

Item No.	Audit Findings	FL Statute / County Code Violation	Comments
1	\$339,505.82 in campaign expenditures paid through third party-intermediaries. (pp. 6-7)	FL Stats. §106.021(3) and §106.11(1) prohibit direct or indirect campaign expenditures in furtherance of a candidate's election campaign except through campaign treasurer drawing checks from the campaign bank account for campaign expenses.	The Ferre Election Campaign made payments totaling \$339,505.82 (74% of the campaign expenditures) to third parties such as media consultants and political consultants who would then purchase media or pay campaign workers on behalf of the campaign. In some cases, these consultants would use their own corporate checking account to make payments in furtherance of the Ferre election campaign.
2	\$219,459 in payments to media consultants for purchase of media. (pp. 7-8)	Florida Elections Commission decisions DE 03-08 and DE 86-14 , which interprets Florida Statute §106.11(1) , states the following: "A candidate who is procuring both media related consultant services and mass media political advertisements <i>must issue separate checks drawn on the campaign account to media consultant for their services and to each media outlet that is providing advertising services.</i> "	Ferre campaign made payments of \$219,459 (48% of the total campaign expenditures) to media consultants for the purchase of media rather than issuing checks directly to the media outlet from the campaign bank account. This is in direct violation of Florida Statute §106.021(3) and the Florida Election Commission decisions DE 03-08 and DE 86-14. Ferre campaign did not directly pay these actual campaign vendors from the campaign account in violation of Florida Statute §106.11(1).
3	Reimbursements to consultants for payments to vendors. (pp. 8-9)	Florida Statute §106.021(3) states that reimbursements may be made for travel, food and beverage, office supplies, and mementos of gratitude to campaign supporters.	Consultants transacted with campaign vendors, paid the vendors, and then submitted an invoice to candidate for reimbursement. In some instances, the vendor paid for campaign expenses from that vendor's corporate checking account.
4	A total of \$51,276 in cash payments was paid to campaign workers and vendors. (pp. 10 – 11)	Florida Statute §106.12 , "Petty Cash Funds Allowed," states that the only cash payments allowed under state law are from a petty cash fund. Office supplies, transportation expenses, and other necessities are the only expenses allowed to be paid from petty cash.	The campaign treasurer and some campaign consultants made approximately \$51,276 in cash payments to poll workers and campaign vendors. For some cash payments, the campaign was unable to provide supporting documentation such as names of workers receiving the cash payments or signed receipts.

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EXECUTIVE SUMMARY

5	Media consultant, SBW, paid \$8,025 cash for joint advertising on 125,000 palm cards which SBW receives a campaign payment from Ferre's treasurer to cover this media consultant's fee. (p. 11 and Exhibit A.)	Florida Statute §104.071(1)(c) prohibits a candidate from contributing anything of value, particularly money, in furtherance of the candidacy of another candidate. DE 98-07 , which interprets Florida Statute §104.071(1)(c) , states that candidates who voluntarily participate in joint advertising may do so only if they share in the cost equally and pay their respective share directly to the firm providing the advertising service. Ferre absorbed total cost of the joint advertisement.	COE noted that Stephanie Bromfield-Warnell (SBW) paid Michelle Lynn Solutions, Inc. \$8,025.00 cash for 125,000 palm cards which had Maurice Ferre's name printed on the palm card as well as the names of eight other candidates for various political offices including U.S. Senate, State Senator, the Miami-Dade County Commission and Circuit and County court judge seats. Additionally, the palm cards did not state "Paid Political Advertisement by the campaign of Maurice Ferre." Decision DE 98-07 indicates that the act of one candidate contributing to another candidate from their own campaign account is illegal and constitutes a third degree felony under Florida Statute §104.071 .
6	Candidate's personal contributions deposited <i>after</i> election date. (p. 12 and Exhibit B.)	Florida Statutes §106.08(3)(b) §106.141(1) prohibit a campaign from accepting a contribution <i>after</i> a candidate has been eliminated.	Maurice Ferre made two contributions totaling \$3,000.00 to the campaign after the election date on August 31, 2004. Mr. Ferre made a \$2,000.00 contribution with a personal check dated September 21, 2004 and deposited it on September 22, 2004. A second contribution of \$1,000.00 was made by Mr. Ferre with a personal check dated October 12, 2004 and deposited on October 13, 2004.
7	Possible falsification of letter provided to COE – re: <u>John Bennett</u> . (p. 13 and Exhibit C.)		COE received via U.S. Mail from Ferre campaign a letter purportedly faxed to the campaign treasurer from a consultant, John Bennett. The letter stated what services Bennett performed but was not signed. COE interviewed Bennett, showed him the letter he supposedly faxed to campaign and Bennett stated that he did not draft the letter and did not know the campaign treasurer, A. Veciana, Sr., who had told the COE Bennett faxed Veciana, Sr. the letter.

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MAYORAL CANDIDATE 2004**

EXECUTIVE SUMMARY

8	Possible falsification of invoices provided to COE – re: GarCorp International. (pp. 13-14 and Exhibit D.)		COE was provided with two (2) different invoices for \$1,800 from a campaign t-shirt vendor, Harvins International Trade. The consultant, GarCorp, stated to the COE there was only 1 order for shirts and totaled \$1,800. The COE is questioning whether in fact there were two (2) separate campaign t-shirt orders placed with Harvins International Trade or if Garcorp provided the COE with an invoice that is not the original invoice which Garcorp billed to the Ferre campaign.
9	Appointment of campaign treasurer who was not a U.S. citizen. (p. 14 and Exhibits E & F.)	Florida Statute §106.021(1)(c) requires for the campaign treasurer to be a registered voter in the State of Florida.	During a meeting on February 8, 2005, Mr. Veciana, Sr. stated to the COE that he was <i>not a registered voter</i> in Miami-Dade County as he was not a U.S. citizen but rather a resident of the United States. Moreover, Mr. Antonio Veciana, Sr. signed the Appointment of Campaign Treasurer form, under penalties of perjury, that the facts stated on the form are true and correct even though he was not a registered voter in the State of Florida.
10	Fines paid from the campaign account for such expenses as code violations due to political sign advertisements or traffic violations are not considered campaign expenditures and should not be paid for using campaign funds. (pp. 11-12)		The Maurice Ferre campaign used campaign funds to pay fines totaling \$213.00. Of the total \$213 paid in fine violations, \$153.00 was for traffic violations by campaign staff and \$60.00 was for a zoning violation arising from an improperly located campaign sign.
11	IRS Forms 1099-MISC not filed for payees who received \$600 + from the campaign for services provided. (p. 15)		Through inquiry of Mr. Antonio Veciana, Sr., the COE confirmed that the campaign did not complete or file IRS Forms 1099 for any of the campaign staff workers or individual consultants that received compensation equal to or greater than \$600.00.

INTRODUCTION

In March of 2001, the Miami-Dade County Board of County Commissioners adopted Ordinance No. 01-39 (the Ordinance) for campaign financing reform and is codified in Miami-Dade County Code §12-22. The Ordinance is intended to make the political process more accessible to candidates who run for the office of County Mayor or Commissioner by providing eligible candidates with public financing from the Election Campaign Financing Trust Fund (the Fund).

The Ordinance establishes the eligibility requirements that a candidate must meet in order to receive public financing from the Fund. For the office of County Commissioner, each candidate who satisfies these requirements may be eligible for a maximum contribution of \$75,000 in the primary election, and an additional \$50,000 if a run-off election occurs. For the office of Mayor, each candidate who satisfies the eligibility requirements may receive \$300,000 for the primary election and an additional \$200,000 if the candidate is in a run-off election.

The Ordinance also addresses expenditure limitations for candidates who receive public financing. For Commission candidates, total campaign expenditures are limited to \$150,000 during the primary election and \$100,000 during the run-off election. For Mayoral candidates, total campaign expenditures are limited to \$600,000 in the primary election and \$400,000 if a run-off election occurs. In either case, if one candidate raises contributions or makes expenditures that exceed the applicable spending limits, the expenditure ceiling is lifted for all other candidates who are campaigning for that office and an expenditure limit is no longer in effect for that particular election race (i.e., the office of Mayor or a Commission seat for a particular county district).

Additionally, the Ordinance requires the Commission on Ethics & Public Trust (COE) to conduct post-election audits ninety (90) days following the date of the election for those candidates who received public financing from the county. This is in keeping with both the requirements of §12-22 (f)(6) of the Code of Miami-Dade County and Florida Statute §106.141 (4), which require that the candidate dispose of any surplus funds remaining in the campaign account within 90-days of the election date by: (1) returning all surplus funds to the Election Campaign Financing Trust Fund; and, (2) any funds remaining in the campaign account that are in excess of the public funding received should be disposed of per Florida Statute §106.141, Disposition of Surplus Funds.

Accordingly, the COE conducted a post-election audit of the campaign account of Mr. Maurice Ferre, a mayoral candidate, who received \$300,000 in public funding as a candidate for the Miami-Dade County mayoral primary election held on August 31, 2004.

PURPOSE & SCOPE OF THE AUDIT

The post-election audit conducted by the COE focuses primarily on campaign expenditures as other Miami-Dade county agencies have been involved in current, on-going examinations of all campaign contributions for those candidates who received public monies. Therefore, to avoid redundancy the COE focused on the following audit objectives:

1. Verify that the candidate complied with County Code §12-22 (e)(1), which sets forth the expenditure limits for those candidates who receive public financing.
2. Verify that the candidate complied with County Code §12-22 (g), which pertains to the "Use of Funds." This section describes six (6) types of expenditures that public funds **cannot** be used for, which are as follows:
 - a) Clothing for a candidate or an immediate family member of the candidate, except for a political advertisement as defined in Florida Statute §106.001 (17). An immediate family member is defined as the spouse, parents, children, and siblings of the candidate.
 - b) The purchase or rental of any vehicle for a candidate.
 - c) The enhancement of any vehicle owned by a candidate or an immediate family member of the candidate.
 - d) Personal grooming or cosmetic enhancements for a candidate.
 - e) Payment to a candidate or an immediate family member for the purchase of any goods or services.
 - f) Payment to any corporation, firm, partnership, or business entity owned or controlled by a candidate or an immediate family member for the purchase of any goods or services. "Controlled by" shall mean ownership, directly or indirectly, of 5% or more of the outstanding capital stock in any corporation, or direct or indirect interest of 5% or more in a firm, partnership, or other business entity.
3. Verify that the candidate disposed of any surplus funds remaining in the campaign account within 90-days following the election as required by County Code §12-22 (F) (6) and Florida Statute §106.141 (4).

In order to complete these objectives, the COE obtained copies of all bank statements and cancelled checks drawn against the campaign account, original and/or copies of vendor invoices and receipts, as well as any other accounting records, contracts and/or documentation which would substantiate the amount and purpose of the candidate's campaign expenditures.

The scope of the audit encompassed the period of June 2, 2004 through December 12, 2004, which coincides with the timeframe the campaign account was opened and subsequently closed by the candidate. Additionally, the COE audited 100% of all campaign expenditures as reflected on the campaign bank statements.

SUMMARY OF CAMPAIGN ACCOUNT ACTIVITY

Based on review of the campaign treasurer's reports, the Maurice Ferre campaign had a total of \$459,117.22 available to run the candidate's election campaign. Of the total \$459,117.22 in campaign funds, \$300,000 was received from the County's public trust fund and the remaining \$159,117.22 was acquired through private contributions and in-kind services. A breakdown of how the total campaign funds were spent is illustrated in Table I. below and categorized by expense type:

TABLE I.

BREAKDOWN OF EXPENSES			
Expense Type	Dollar Amount of Expenses	% of Total Expenses	Allowable per §12-22 (g)?
Advertising/Promotional	\$ 231,203.75	50.36%	Yes
Consulting Fees	92,462.57	20.14%	Yes
Get-Out-the-Vote	67,593.41	14.72%	Yes
Promotion	22,474.45	4.90%	Yes
Payroll	8,500.00	1.85%	Yes
Administrative	5,458.08	1.19%	Yes
Election Data	5,443.03	1.19%	Yes
Car Rental ¹	5,069.24	1.10%	Yes
Expense Reimbursement ²	4,553.87	0.99%	Yes
Office Rent	3,535.25	0.77%	Yes
Food	2,741.80	0.60%	Yes
Computer Graphics	2,400.00	0.52%	Yes
Qualifying Fees	2,201.34	0.43%	Yes
Telephone	1,499.11	0.33%	Yes
Office Supplies	1,202.48	0.26%	Yes
Postage	1,175.00	0.26%	Yes
Website	528.74	0.12%	Yes
Bank Fees	503.10	0.11%	Yes
Refund Contribution	250.00	0.05%	Yes
Security	112.00	0.02%	Yes
Permits	100.00	0.02%	Yes
Fine	60.00	0.01%	No
Inspection Fee	50.00	0.01%	Yes
TOTAL:	\$459,117.22	100%	

¹ The car rental was **not** for the candidate; rather it was for campaign contractors.

² These expense reimbursements were in compliance with Florida Statute §106.021(3), which allows for the candidate or any other individual to be reimbursed for certain expenditures; specifically travel expenditures, food and beverages, office supplies, and mementos expressing gratitude to campaign supporters.

The COE notes that the expense classifications used in Table I. above were taken from the description on the candidate's treasurer's report filed with the Miami-Dade County Department of Elections. In other words, the COE **did not** create these expense classifications; rather, the COE used the expense descriptions found in the candidate's campaign records.

CANDIDATE'S COMPLIANCE WITH COUNTY CODE § 12-22

a. Compliance with Campaign Expenditures Limit

Miami-Dade County Code §12-22 (e) requires that Mayoral candidates who request public funding from the Elections Campaign Financing Trust Fund limit their campaign contributions/expenditures to \$600,000 for the primary election unless one candidate exceeds the established contribution limit. On November 25, 2003, the campaign contribution limit was lifted for the Mayoral race, as one candidate exceeded the contribution limit by raising contributions in excess of the \$600,000 limit. Thus, there was no expenditure limit for the Mayoral election campaigns.

b. Compliance with County Code §12-22, Subsection (g) "Use of Funds"

To verify the candidate's compliance with Code §12-22 (g), "Use of Funds," the COE scheduled all check payments issued from the candidate's campaign account and verified that each campaign expense was supported by adequate documentation (i.e., a receipt or vendor invoice). For payments made to individuals from the campaign account, the COE researched whether the payee was an "immediate family member" of the candidate. "Immediate family member" refers to the candidate's spouse, parents, children, and siblings. For payments made to business entities from the campaign account for the purchase of goods or services, the COE researched whether the business entity is owned or controlled by the candidate or an immediate family member of the candidate.

Overall, the COE found that the candidate complied with the requirements of Code §12-22 (g), "Use of Funds," for the public funding portion of the campaign account. However, a review of the supporting documentation found that early in the campaign the candidate himself was reimbursed \$1,029.27 for expenses, which he incurred on behalf of the campaign. Further, the candidate's daughter, Ms. Florence Ferre, was paid \$2,875.00 for working for the campaign as a staff worker. It was noted that both disbursements were supported with adequate documentation.

The COE cannot identify with certainty which source of funds were used to pay for these expenditures as Florida Statute §106.021(1) requires that all contributions and expenditures are made from one campaign account. Therefore, since both privately raised contributions and the county's public funds were required to be deposited in the same account, the COE assumes that the payments to related parties were paid from the \$159,117.22 the candidate received in private contributions.

NO EXCEPTIONS NOTED.

c. Compliance with County Code §12-22, Subsection (f)(6) "Disposal of Surplus Funds"

County Code §12-22 (f)(6) and Florida Statute §106.141(4) require that the candidate dispose of any surplus funds remaining in the campaign account within 90 days after the election date in the following manner: (1) return all surplus funds to the county's Election Campaign Financing Trust Fund; and, (2) any funds remaining in the campaign account that are in excess of the county's public funding received should be disposed of per Florida Statute §106.141, Disposition of Surplus Funds. Given that the election was on August 31, 2004, the 90-day period for returning any surplus funds ended on November 30, 2004.

The balance of funds available as of November 30, 2004 was \$1,533.21 and was used to pay rent of \$533.21 and a consultant fee of \$1,000.00 with checks made payable as of November 22, 2004. The last of the two checks cleared the campaign bank account on December 9, 2004 and the Ferre campaign account was closed as of December 12, 2004.

NO EXCEPTIONS NOTED.

COMPLIANCE WITH FL STATUTE TITLE IX, CHAPTER 106, “CAMPAIGN FINANCING”

Election campaign finance laws are found in Florida Statute Chapter 106, Campaign Financing, and interpretations of these statutes are provided by the Florida Elections Commission as Elections Opinions. As part of this audit, the COE reviewed the relevant Florida statutes and the Elections Opinions to ensure the candidate's campaign was in substantial compliance with the applicable statutory requirements.

Through inquiry of individuals associated with the Maurice Ferre campaign and review of the candidate's campaign bank account records, cancelled checks, related vendor invoices, and other supporting documentation for campaign expenditures, the following are the COE's audit findings with regards to compliance with Florida Statute Chapter 106:

a. Expenditures in Furtherance of the Campaign Through Third Parties

Florida Statutes §106.021(3) and §106.11(1) prohibit direct or indirect campaign expenditures in furtherance of a candidate's election campaign except through the duly appointed campaign treasurer. When a candidate makes payments to an individual or corporate entity which then uses those campaign funds received to transact on behalf of the candidate with third parties those individuals and entities are viewed as “intermediaries” under the Florida statutes. An intermediary spending campaign funds on behalf of the candidate prevents full public disclosure as to how campaign funds are actually spent by a candidate.

Additionally, Florida Statute §106.11(1) prohibits the expenditure of funds on behalf of a candidate from any other bank account other than the candidate's primary campaign account, using a check drawn against that specific campaign bank account.

AUDIT FINDING

Based on a review of cancelled checks and supporting documentation provided by both the campaign and the intermediary parties, the COE found that the Maurice Ferre Election Campaign made payments totaling \$339,505.82, or approximately 74% of the campaign expenditures, to third parties such as media consultants and political consultants who would then purchase media or pay campaign workers on behalf of the Maurice Ferre campaign. In some cases, these consultants would use their own corporate checking account to make payments in furtherance of the Ferre election campaign or would cash out the campaign check they received and make cash payments to poll workers and other campaign workers.

The following is a list of the vendors and the funds they received from the Ferre campaign that was then used to pay the actual service providers in furtherance of the Maurice Ferre campaign:

CCom Group	\$ 178,641.75
Stephanie Bromfield-Warnell	\$ 56,964.07
Tondreau & Associates	\$ 35,500.00
Antonio Veciana, Sr.	\$ 17,500.00
John Bennett	\$ 16,000.00
Alfonse Branch	\$ 15,500.00
Garcorp International	\$ 15,200.00
Bonnie Simms	\$ 4,200.00
	<u>\$ 339,505.82</u>

NOTE: Some of the payments listed above are also in direct violation of Florida Statute §106.021(3) and the Florida Election Commission decisions DE 03-08 and DE 86-14 as discussed in Section (b) and Section (c) below.

b. Campaign Payments to Media Consultants for the Purchase of Media

The Florida Elections Commission decision DE 86-14, which interprets Florida Statute §106.11(1), states the following:

“A candidate who is procuring both media related consultant services and mass media political advertisements **must issue separate checks drawn on the campaign account to media consultant for their services and to each media outlet that is providing advertising services.**”

Additionally, the Florida Elections Commission stated in its decision DE 03-08 that Florida Statute §106.021(3) does **not** allow expenditures to be made either directly or indirectly in furtherance of the candidacy of any person. DE 03-08 further stated that if a media consulting firm was to pay for a candidate’s actual advertisements it would be considered a direct expenditure in furtherance of the candidate and as such it is prohibited because the expense incurred was not paid directly from the candidate’s campaign account and thereby would interfere with full public disclosure of how the campaign dollars were spent.

AUDIT FINDING

Based on review of cancelled check payments and supporting documentation for media consultants, the COE found that the Maurice Ferre campaign made payments of \$219,458.77, or approximately 48% of the total campaign expenditures, to media consultants for the purchase of media rather than issuing checks directly to the media outlet from the campaign bank account. This is in direct violation of Florida Statute §106.021(3) and the Florida Election Commission decisions DE 03-08 and DE 86-14. The following is a list of the vendors and the amounts received for the purchase of media for the Maurice Ferre campaign:

C COM Group	\$ 178,641.75
Tondreau & Associates	\$ 8,100.00
Stephanie Broomfield-Warnell (SBW)	<u>\$ 32,717.02</u>
	<u>\$ 219,458.77</u>

c. Reimbursement Paid to Campaign Consultants for Payments to Vendors

Florida Statute §106.021(3) addresses what is allowable as a reimbursement from a candidate's campaign bank account and specifically states the following:

“...a candidate or any other individual may be reimbursed for expenses incurred for travel, food and beverage, office supplies, and mementos expressing gratitude to campaign supporters by a check drawn upon the campaign account...”

The purpose of this statute is to provide transparency in the disbursement of campaign funds and allow for full public disclosure of all expenditures. Based on review of consultants' invoices submitted to the Ferre campaign, the COE noted that campaign consultants would transact on behalf of the Ferre campaign with the actual provider of the campaign goods and services, issue payment to the vendors and then submit an invoice to the Ferre campaign for reimbursement.

The COE observed several campaign checks issued to reimburse individuals and corporations for payments that these entities made to the providers of goods and services on behalf of the Ferre campaign. Thus, the Ferre campaign did not directly pay these actual campaign vendors from the campaign account in violation of Florida Statute §106.11(1). The following is a list of individuals and corporations who served as “intermediaries” between the Ferre campaign and the actual service provider to the election campaign:

- 1) **Bonnie Simms** received \$4,200.00 to organize a meeting with African American clergy. The payment covered her fee of \$2,000.00 plus funds to cover the cost of personnel support to arrange the meeting, rent of local, food for a breakfast and personnel to provide the logistics for the meeting.

- 2) **Garcorp International (Garcorp)** was hired to perform various services for the Ferre campaign for which it received five (5) payments totaling \$15,200. The COE originally was provided with only two (2) invoices in support of the payments received by Garcorp: 1) an invoice for \$13,400 from Garcorp dated December 2, 2004; and 2) an invoice for \$1,800 from Harvins International Trade (Harvins) dated August 20, 2004, which the Ferre campaign paid directly to Garcorp, for campaign t-shirts purchased from Harvins.

The invoice for \$13,400 indicated that \$3,400.00 was for consulting fees and the remaining balance of \$10,000.00 lacked any supporting documentation. To substantiate the \$10,000 in payments received, Garcorp provided to the COE a breakdown of expenses incurred totaling \$10,000 and provided poll worker names, cancelled check payments, and other receipts. Thus, the COE was able to substantiate the majority of the campaign expenses received by Garcorp International.

However, the fact that Garcorp was invoicing the Ferre campaign for poll workers, coordinators, fieldworkers, and campaign t-shirts which Garcorp paid from its own corporate account on behalf of the Ferre campaign is a violation of the Florida campaign financing law. Essentially, the Ferre campaign was reimbursing Garcorp for expenses it incurred on behalf of its election campaign.

NOTE: See also “Other Findings - Invoices Submitted to COE by GarCorp International.”

- 3) **Tondreau & Associates** received \$35,500.00 which was disbursed as follows: \$8,610.00 for media purchases which was supported by checks only; \$19,511.50 for campaign/poll workers which was also supported by checks only, \$4,000 for consulting fees supported by a memorandum, and the balance of \$3,378.50 paid in cash to poll workers. The cash payments to poll workers lacked any supporting documentation, such as names of the workers or signed receipts which would evidence the cash payments.

d. Cash Payments Paid to Campaign Workers and Vendors

The COE observed that both the campaign treasurer and some campaign consultants made cash payments to poll workers and other campaign vendors which is prohibited by Florida Statute §106.11(1)(a). The only cash payments allowed under state law are for petty cash, which is addressed in Florida Statute 106.12, "Petty Cash Funds Allowed." This statute specifically states that the only campaign expenditures allowed to be paid using **petty** cash are as follows:

1. Office supplies;
2. Transportation expenses; and,
3. Other necessities (i.e., when the campaign check book is not readily available to pay for incidentals.)

The COE noted that the following vendors made **cash payments** to campaign workers and vendors who provided goods and services to the campaign:

- 1) **Antonio Veciana, Sr.**, who was the former Campaign Treasurer for Maurice Ferre, received \$17,500.00 which was used to pay poll workers and for expense reimbursements. The disbursements to the poll workers were all in cash and supported by a signed receipt acknowledging receiving payment. The expense reimbursements also were for cash and were supported by receipts. However, these expense reimbursements do not qualify as petty cash expenses and even if the payments were legitimate petty cash reimbursements, they exceeded the limits for petty cash payments stipulated in Florida Statute §106.12.
- 2) **John Bennett** received \$16,000.00 for "Get-Out-the-Vote" (GOTV) efforts which Mr. Bennett used to pay cash to 156 poll workers at a rate of \$100 each. Mr. Bennett was not able to provide COE with a list of names and addresses of the poll workers that he paid for campaign work.

NOTE: *See also "Other Findings - Inquiry of John Bennet Re: Letter to COE."*

- 3) **Stephanie Bromfield-Warnell (SBW)** made a total of \$14,397.98 in cash payments which was disbursed by SBW as follows: \$8,025.00 for palm cards paid to Michelle Lynn Solutions, Inc. and \$6,372.98 to campaign workers in the "Get-Out-The Vote" (GOTV) effort. The palm cards were paid in cash and were supported by an invoice provided by the vendor, Michelle Lynn Solutions, Inc. The GOTV expenses were paid in cash but lacked any detailed information as to the names of poll workers nor is there any evidence that these poll workers received the cash payments.

- 4) **Tondreau & Associates** paid a total of \$3,378.50 in cash payments to poll workers. The cash payments to poll workers lacked any supporting documentation, such as names of the workers or signed receipts which would provide evidence the cash payments were disbursed.

e. **Campaign Payments for Joint Advertising**

Florida Statute §104.071(1)(c) prohibits a candidate from contributing anything of value, particularly money, in furtherance of the candidacy of another candidate. DE 98-07, which interprets Florida Statute §104.071(1)(c), further states that candidates who voluntarily participate in joint advertising may do so only if they share in the cost equally and pay their respective share directly to the firm providing the advertising service.

Decision DE 98-07 also makes reference to decisions DE 76-12 and DE 83-16 which establish and reinforce the prohibition of one candidate making contributions to another candidate in furtherance of the contributor's candidacy and also disallows a candidate to use his campaign funds to make a contribution to another candidate's campaign account. Decision DE 83-16 clearly states that the act of one candidate contributing to another candidate from their own campaign account is illegal and constitutes a third degree felony under Florida Statute §104.071.

AUDIT FINDING

Based on the COE's review of cancelled check payments and supporting documentation from both the campaign and from the campaign consultant, Stephanie Bromfield-Warnell, the COE noted that Mrs. Bromfield-Warnell paid Michelle Lynn Solutions, Inc. \$8,025.00 cash for 125,000 palm cards which had Maurice Ferre's name printed on the palm card as well as the names of eight other candidates for various political offices including U.S. Senate, State Senator, the Miami-Dade County Commission and Circuit and County court judge seats. Additionally, the palm cards did not state "Paid Political Advertisement by the campaign of Maurice Ferre." ***See Exhibit A for copies of supporting documentation.***

f. **Payments of Fines**

The COE has been advised by the Florida Division of Elections that fines paid from the campaign account for such expenses as code violations due to political sign advertisements or traffic violations are not considered campaign expenditures and should not be paid for using campaign funds.

AUDIT FINDING

Based on the COE's review of cancelled check payments and supporting documentation, the Maurice Ferre Election Campaign used campaign funds to pay fines totaling \$213.00. Of the total \$213 paid in fine violations, \$153.00 was for traffic violations by campaign staff and \$60.00 was for a zoning violation arising from an improperly located campaign sign.

g. Contributions after the Election is Finished

Florida Statute §106.08(3)(b) and Florida Statute §106.141(1) prohibit a campaign from accepting a contribution **after** a candidate has been eliminated and also disallows the expending of any contribution received after a candidate has been eliminated.

AUDIT FINDING

Based on the COE's review of the campaign account bank statements and deposit slips, it was noticed that the candidate, Maurice Ferre, made two contributions totaling \$3,000.00 to the campaign after the election date on August 31, 2004. Mr. Ferre made a \$2,000.00 contribution with a personal check dated September 21, 2004 and deposited it on September 22, 2004. A second contribution of \$1,000.00 was made by Mr. Ferre with a personal check dated October 12, 2004 and deposited on October 13, 2004. ***See Exhibit B for copies of supporting documentation.***

OTHER AUDIT FINDINGS

a. Inquiry of John Bennet Regarding a Letter Addressed to the COE

The COE received via U.S. mail a document from Mr. Antonio Veciana, Sr. who is the father of the Ferre Campaign Treasurer of record, Antonio Veciana, Jr. This document was a letter dated March 1, 2005 addressed to the COE. The letter documents Mr. Bennett's services performed for the Ferre campaign. The letter also indicates that it is from Mr. John Bennett, as there is a blank signature line with the name of "John Bennett" under the signature line. However, Mr. Bennett never signed this letter and Mr. Antonio Veciana, Sr. wrote a note to the COE auditor that states: "Bennett sent this to us via fax without signature. We are going to get it signed..."

On March 21, 2005, the COE met in person with Mr. John Bennett and inquired about the letter dated March 1, 2005 from Mr. Antonio Veciana, Sr. When shown a copy of this letter, Mr. Bennett stated that he did not draft the letter, had never even seen such a letter, and did not fax the letter to Mr. Antonio Veciana, Sr. Additionally, Mr. Bennett stated that he did not even know Antonio Veciana, Sr. and had never heard of this person. The COE is questioning the authenticity of this letter and who in fact drafted it as supporting documentation for the COE's audit purposes. ***See Exhibit C for copies of supporting documentation.***

b. Invoices Submitted to COE by GarCorp International

In the supporting detail to a \$10,000 invoice, Garcorp International included a written statement indicating that \$1,800 was paid for campaign T-shirts. Garcorp did not provide a receipt from the t-shirt vendor or a cancelled check payment for the \$1,800 campaign expenditure.

On March 17, 2005, the COE requested for Garcorp to provide back-up documentation (i.e., an invoice or a receipt) to support this expense. On March 21, 2005, Garcorp provided both a cancelled check drawn against the Garcorp bank account and an invoice from Harvins International Trade for \$1,800. The COE notes that ***this invoice from Harvins International Trade is dated August 10, 2004 and is for 400 Ferre campaign t-shirts.***

The COE notes that an additional invoice from Harvins International Trade was provided by the Campaign Treasurer at the onset of the COE audit and is also in the amount of \$1,800. However, ***this invoice is dated August 20, 2004 and is for 600 campaign t-shirts.*** Thus, it appears that there are two separate invoices for this particular vendor, Harvins International Trade, which provided campaign t-shirts.

The COE is questioning whether in fact there were two (2) separate campaign t-shirt orders placed with Harvins International Trade or if Garcorp provided the COE with an invoice that is not the original invoice which Garcorp billed to the Ferre campaign. ***See Exhibit D for copies of supporting documentation.***

c. Appointment of Campaign Treasurer

On June 2, 2004, Maurice Ferre declared his candidacy for Mayor of Miami-Dade County. On that same date, Mr. Antonio Veciana, Sr. was appointed and registered with the Miami-Dade County Department of Elections as the Campaign Treasurer for the Maurice Ferre Campaign. Subsequently, on June 8, 2004, Mr. Antonio Veciana, Sr. resigned the position of campaign treasurer for health reasons and his son Mr. Antonio Veciana, Jr. registered as campaign treasurer. Therefore, Mr. Veciana Sr. served as campaign treasurer for six (6) days for the Ferre campaign.

Florida Statute §106.021(1)(c) requires for the campaign treasurer to be a registered voter in the State of Florida. Also, the Appointment of Campaign Treasurer form requires the campaign treasurer to attest to the fact that they are a duly registered voter in Miami-Dade County, Florida, making them qualified to accept the appointment as campaign treasurer. During a meeting on February 8, 2005, Mr. Veciana, Sr. stated to the COE that he was not a registered voter in Miami-Dade County as he was not a U.S. citizen but rather a resident of the United States. Moreover, Mr. Antonio Veciana, Sr. signed the Appointment of Campaign Treasurer form, under penalties of perjury, that the facts stated on the form are true and correct even though he was not a registered voter in the State of Florida. ***See Exhibit E for copies of supporting documentation.***

The COE notes that throughout the audit of the Ferre campaign account, the COE's primary contact was with Mr. Antonio Veciana, Sr. Additionally, the COE received a letter dated February 21, 2005 from Mr. Veciana, Sr. stating that he received \$2,650 as payment for services which he rendered to the campaign. ***See Exhibit F for copy of memorandum.***

d. Campaign Treasurer's Report vs. Bank Statements

The COE compared total disbursements per the monthly campaign bank account statements to total expenditures reported on the Campaign Treasurer's Reports filed by the campaign with the Miami-Dade County Department of Elections. The COE calculated the total expenditure per the bank statements to be \$457,929.16 as compared to the total campaign expenditures reported on the Campaign Treasurer's Report, which reflected a total of \$457,179.61. Therefore, there is an understatement of \$749.55 of total Itemized Expenditures per the Campaign Treasurer's Reports.

e. **IRS Forms 1099-MISC**

In the process of examining the campaign accounting records, the COE did not find any IRS Forms 1099 completed for campaign staff or individual consultants who received payments equal to or greater than \$600.00, which is the IRS's minimum dollar amount required for completing and filing Forms 1099-MISC. Through inquiry of Mr. Antonio Veciana, Sr., the COE confirmed that the campaign did not complete or file IRS Forms 1099 for any of the campaign staff workers or individual consultants that received compensation equal to or greater than \$600.00.

f. **Payments to Political Consultants for Consultations that Pre-Date Candidacy**

Michael Benages received consulting fees of \$10,000.00 from the Maurice Ferre campaign. The COE was not provided with a contract or professional service agreement that would have stated the nature and scope of consulting services to be provided by Michael Benages. Based on a request by the COE, Mr. Benages provided a written response dated February 23, 2005 which indicated that he had provided consulting services to Maurice Ferre starting two years before the election, having occasional meetings to advise him, including reaching an agreement on the compensation for the consulting services. After Mr. Ferre declared his candidacy on June 2, 2004, Mr. Benages continued to provide Mr. Ferre advice on media and advertising campaign issues. The COE notes that this is in direct violation of Florida Statute §106.11(4), which states the following:

"No candidate, campaign manager, treasurer, deputy treasurer, or political committee or any officer or agent thereof, or any person acting on behalf of any of the foregoing, **shall authorize any expenses**, nor shall any campaign treasurer or deputy treasurer sign a check drawn on the primary campaign account for any purpose, **unless there are sufficient funds on deposit in the primary depository account of the candidate** or political committee to pay the full amount of the authorized expense, to honor all other checks drawn on such account, which checks are outstanding, and to meet all expenses previously authorized but not yet paid."

Therefore, the consulting fees paid to Mr. Benages is in direct violation of Florida Statute §106.11(4) as it pertains to services provided to the candidate **before** a campaign account was opened and campaign funds are available to cover such expenditures.

g. Lack of Supporting Documentation

Based on review and request for further documentation, one campaign vendor, Mr. Alphonse Branch, who received \$15,000.00 in payments from the Ferre campaign, lacked sufficient supporting documentation to determine the validity of the campaign expense incurred. The COE specifically made its requests for additional payment records to the Campaign Treasurer but did not receive any supporting documentation to justify campaign payments made to Mr. Alphonse Branch. Failure to provide supporting documentation for campaign expenses violates both Florida Statute §106.11(1)(b)(1)-(6) and Miami-Dade County Code §12-22, Subsection (f)(3)(a)(1).

AUDIT CONCLUSION

Overall, the COE found that the campaign expenditures made from the Maurice Ferre campaign account were in compliance with the requirements of Miami-Dade County Code §12-22 (G), "Use of Funds," as no disallowed expenses were paid with public funds. However, the COE did note a considerable number of instances where there was a lack of compliance with Florida Statutes Title IX, Chapter 106, "Campaign Financing," with some violations more significant than others. The more significant areas of concern include campaign expenditures paid through intermediaries, payments to consultants for disallowable reimbursements, cash payments paid to campaign workers and vendors, campaign payments for joint advertising, candidate's personal campaign contributions made **after** the date of the election, questionable invoices provided to the COE in support of campaign expenses, and the appointment of a campaign treasurer who was not a registered voter in the State of Florida.

The COE appreciates the cooperation extended by the parties involved with Maurice Ferre campaign throughout the course of this audit.

EXHIBITS

- A. Invoice for palm cards purchased by Stephanie Brownfield-Warnell
- B. Check copies and deposit tickets for candidate's loans made after Election date
- C. Letter to COE sent from A. Veciana, Jr. re: John Bennett
- D. Invoices and campaign payments to "Harvins International Trade, Inc."
- E. Appointment of Campaign Treasurer forms, resignation letter from A. Veciana, Sr. and copy of voter registration card for A. Veciana, Jr.
- F. Letter to COE from Antonio Veciana, Sr. re: campaign duties performed

APPENDIX

- I. Response to the Draft Audit Report from Maurice Ferre, Mayoral candidate

**COMMISSION ON ETHICS & PUBLIC TRUST
POST-ELECTION AUDIT OF THE CAMPAIGN ACCOUNT OF**

**MAURICE FERRE
MAYORAL CANDIDATE 2004**

RESPONSE TO DRAFT REPORT FROM MAURICE FERRE

On April 29, 2005, the COE provided a draft audit report to Maurice Ferre and the Campaign Treasurer, Antonio Veciana, Jr., and gave the campaign the opportunity to respond to the COE audit findings. The COE requested for the campaign to review the draft audit report and if they so chose, to provide a written response within 15 business days, or by Friday May 20, 2005.

Additionally, the Ferre Campaign requested an extension of time to respond to the draft audit report and the COE extended the due date for a written response to Tuesday, May 31, 2005.

However, the COE was not provided with any response to our audit findings, either written or verbal, by the Ferre campaign and as such there is no written response included in this Final Audit Report.